KADING COMPANIES, S.A.
(A BRITISH VIRGIN ISLANDS CORPORATION)
New York, New York

FINANCIAL REPORT
AT
FEBRUARY 29, 2012

KADING COMPANIES, S.A.
(A BRITISH VIRGIN ISLANDS CORPORATION)
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Carolyn MERRILL
CERTIFIED PUBLIC ACCOUNTANT

Board of Directors
Kading Companies, S.A
New York, New York

I have compiled the accompanying balance sheet of Kading Companies, S.A. as of February 29, 2012, and the related statement of changes in equity for the six month period then ended, the statements of operations for the six and three month periods ended February 29, 2012 and the statement of cash flows for the six month period then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note D to the financial statements, these conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

I am not independent with respect to Kading Companies, S.A.

/s/ Carolyn Merrill cpa
Rochester, New York
May 1, 2012

KADING COMPANIES, S.A.
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BALANCE SHEET

February 29,		2012
ASSETS		
Cash and Cash Equivalents	$	12
Prepaid Expenses		9,250
Total Current Assets		9,262
Other Assets		
Investment - at Cost		11,846
Notes Receivable		2,182
Notes Receivable - Related Party		1,686,781
Total Assets	$	1,710,071
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Accounts Payable	$	424
Stockholders' Equity		
Common Stock - $.01 Par; 500,000,000 Shares Authorized, 109,377,000 Shares Issued and Outstanding		1,093,770
Additional Paid-In-Capital		1,036,191
Deficit Accumulated Since Inception		(420,314)
Total Stockholders' Equity		1,709,647
Total Liabilities and Stockholders' Equity	$	1,710,071

See Selected Information and Accountant's Compilation Report.

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STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED FEBRUARY 29, 2012

	Common Stock $ .01 Par		Additional Paid-In		Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance - September 1, 2011	103,877,000	$ 1,038,770	$ 1,036,191	$ (416,664)	$ 1,658,297
Cash Proceeds from Sale of Stock	5,500,000	55,000	—	—	55,000
Net Loss for the Period	—	—	—	(3,650)	(3,650)
Balance - February 29, 2012	109,377,000	$ 1,093,770	$ 1,036,191	$ (420,314)	$ 1,709,647

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STATEMENTS OF OPERATIONS

February 29, 2012	**Six Month Period Ended**	Three Month Period Ended
Sales	**$ —**	$ —
Cost of Sales	**—**	—
Gross Profit	**—**	—
Expenses		
General and Administrative	**3,650**	1,462
Total Expenses	**3,650**	1,462
Net Loss Before Provision for Taxes	**3,650**	1,462
Provision for Taxes	**—**	—
Net Loss for the Period	**$ (3,650)**	$ (1,462)
Loss per Share - Basic and Diluted	**$ (0.00)**	$ (0.00)
Weighted Average Common Shares Outstanding	**106,153,978**	108,430,956

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KADING COMPANIES, S.A.
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STATEMENT OF CASH FLOWS

For the Six Month Period Ended February 29,		**2012**
Cash Flows from Operating Activities		
Net Loss for the Period	$	(3,650)
Adjustments to Reconcile Net Loss for the Period to Net Cash Flows from Operating Activities:		
Changes in Assets and Liabilities:		
Prepaid Expenses		(8,971)
Accounts Payable		424
Net Cash Flows from Operating Activities		(12,197)
Cash Flows from Investing Activities		
Cash Paid to Related Parties		(99,086)
Cash Loaned to Unrelated Entities - Net		(1,882)
Net Cash Flows from Investing Activities		(100,968)
Cash Flows from Financing Activities		
Repayment of Debt		(19,206)
Cash Proceeds from Sale of Stock		55,000
Net Cash Flows from Financing Activities		35,794
Net Change in Cash and Cash Equivalents		(77,371)
Cash and Cash Equivalents - Beginning of Period		77,383
Cash and Cash Equivalents - End of Period	$	12
Cash Paid During the Period for:		
Interest	$	—
Income Taxes	$	—

See Selected Information and Accountant's Compilation Report.

Selected Information – Substantially All Disclosures Required by Accepted Accounting Principles Generally Accepted in the United States Are Not Included.

Note A - The Company

Kading Companies, S.A. (the Company) was incorporated under the International Business Companies Ordinance of the Territory of the British Virgin Islands on October 10, 1995.

Scope of Business

The Company operates as a holding company and seeks to acquire technologies it can build companies around or operating companies that are developing technologies. The Company primarily uses shares of its own common stock to finance opportunities. The Company eventually spins off the ownership of operating companies to existing shareholders.

Note B - Summary of Significant Accounting Policies

Method of Accounting

The Company maintains its books and prepares its financial statements on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The more significant areas requiring the use of estimates include asset impairment, stock-based compensation, and future income tax amounts. Management bases its estimates on historical experience and on other assumptions considered to be reasonable under the circumstances. However, actual results may differ from the estimates.

Cash and Cash Equivalents

Cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. The Company maintains cash and cash equivalents at financial institutions, which periodically may exceed federally insured amounts.

Financial Instruments

The Company's financial instruments consist of cash, prepaid expenses, long-term investments, notes receivable, accounts payable and notes payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

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Note B - Summary of Significant Accounting Policies – continued

Fair Value

The Company categorizes its assets and liabilities recorded at fair value based upon the fair value hierarchy specified by GAAP. As of February 29, 2012, all financial assets and liabilities are recorded at cost which approximates fair value.

ASC 820-10 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the Company categorizes such financial asset or liability based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Both observable and unobservable inputs may be used to determine the fair value of positions that are classified within the Level 3 category. As of February 29, 2012, all assets and liabilities have been recorded at cost which approximate fair value or otherwise meet the criteria that precludes fair value from being used (see investments policy for further details).

Income Taxes

The Company is not subject to income taxes. The Company may qualify as a passive foreign investment company ("PFIC") under United States tax law. If it does, U.S. citizens and residents who are stockholders will be required to pay taxes and interest on deferred taxes when shares of the Company are sold by them, or when they receive distributions from the Company. This additional interest may be avoided if a stockholder makes an election to be taxed currently on the earnings of the Company (if the Company is a PFIC at any time). Stockholders should consult with their tax advisors regarding the consequences of being stockholders of a PFIC, and the impact of the election to currently tax earnings.

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Note B - Summary of Significant Accounting Policies – continued

Earnings per Share

Earnings per share of common stock are computed in accordance with FASB ASC 260, "Earnings per Share". Basic earnings per share are computed by dividing income or loss available to common shareholders by the weighted-average number of common shares outstanding for each period. Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding assuming conversion of all potentially dilutive stock options, warrants and convertible securities, if dilutive. Common stock equivalents that are anti-dilutive are excluded from both diluted weighted average number of common shares outstanding and diluted earnings per share.

Stock-Based Compensation

Stock-based compensation related to non-employees is recognized based on service provided in the accompanying statements of operations and is based on the fair value of the services received or the fair value of the equity instruments issued, whichever is more readily determinable. The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of FASB ASC 505, "Equity Based Payments to Non-Employees". The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement.

Investments

The Company accounts for investments in debt and equity interests using the cost-method of accounting in compliance with FASB ASC 325. In applying ASC 325 the Company considers whether any events or changes in circumstances would be indicative of a significant adverse effect on the fair value of the investment. The Company also applies the guidance of FASB ASC 825 to further support its position of using the cost-method to account for investments in debt and equity securities.

Note C - Recently Issued Accounting Standards

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position or cash flow.

Note D - Going Concern

The Company's financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has reported recurring losses from operations. As a result, there is an accumulated deficit of $420,314 at February 29, 2012.

The Company's continued existence is dependent upon its ability to raise capital. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.